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FISCAL IMPACT STATEMENT

LS 6887

BILL NUMBER: HB 1413

NOTE PREPARED: Dec 29, 2003

BILL AMENDED:

SUBJECT: Certification of Accuracy of Government Accounting.

FIRST AUTHOR: Rep. Turner

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☐ **DEDICATED**
☐ **FEDERAL**

IMPACT: State

Summary of Legislation: This bill specifies that the Governor, with the assistance of the Budget Agency, is responsible for establishing and maintaining internal controls on the collection, recording, and reporting of accounting and financial information in all state agencies in the executive department of state government. It requires the Budget Agency and the Governor to certify that: (1) certain statements with financial information fairly represent the financial condition and results of operation of the state; and (2) the state's accounting internal controls in the executive department of state government are effective.

Effective Date: Upon passage.

Explanation of State Expenditures: The bill specifies that the Governor and Budget Director are responsible for establishing and maintaining internal controls on the collection, recording, and reporting of accounting and financial information in all state agencies in the executive department of state government.

The bill requires the Budget Director and the Governor to certify that the following documents fairly represent the financial condition and results of operation of the state:

1. year-end closing statements that include financial information about the state cash or fund balances, revenues, or expenditures;
2. other interim or biennial statements about state cash or state fund balances or expenditures;
3. a comprehensive annual financial report prepared by the Auditor of State; and
4. budget reports and surplus statements that forecast the effect of appropriations or expenditures on cash or fund balances in a future period.

The impact would depend on the cost of reviewing the current control collection, recording, and reporting of accounting and financial information. If the review is done by the Budget Agency and the State Board of

Accounts staff, there would be minor fiscal impact. If the decision is to have an independent accounting firm perform the review of the controls, then the cost of the consulting contract could be about \$100,000.

Background: The review of the internal controls on the collection, recording, and reporting of accounting and financial information in all state agencies in the executive department could be time consuming and require a high level of knowledge and experience by a consulting firm. The executive branch has about 120 agencies ranging from the Family and Social Services Administration to the Port Commission, with budgets ranging from hundreds of thousands to billions of dollars. The estimated cost of the consulting contract is based on an average hourly rate of \$300 per hour for about 333 billable hours.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Governor, Budget Agency, Auditor of State.

Local Agencies Affected:

Information Sources:

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